



Hon. Robert T. Matsui

Member of Congress

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Robert T. Matsui
Serving California's 5th District

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CONTACT: CODY HARRIS
(202) 225-7163/(202) 225-0564

MATSUI RESPONDS TO BUSH SPEECH: "THE TIME FOR LECTURES IS OVER."

"Today, President Bush took a timid stand on the crisis facing corporate America. Rather than showing real leadership on a critical issue affecting our nation's families and our overall economy, the President recycled old ideas and offered few specifics. A stronger stand will be needed to restore investors' confidence and faith in our system at home and abroad.

"Simply calling for improvements in ethics and character is not enough. Punishing a few executives who have intentionally misled shareholders is a start, but it will not cut to the heart of the problem. We need to focus on protecting employees and shareholders who could watch their life savings vanish while top executives walk away with millions. We need real reform to what is a systemic problem.

"The sad truth is that the growing list of corporations and executives who have lied on their balance sheets have been engaging in perfectly rational economic behavior. Under the current rules of the game, executives have the incentive to cheat in order to inflate their stock prices, thereby reaping huge bonuses. There are countless loopholes, some legal, some fraudulent. Accounting standards are weak, and there is little or no real oversight.

"If the President is serious about dealing with this problem, he will put aside the moralistic rhetoric and take real steps to confront this crisis. We need to deal with accounting transparency and auditor independence. We need to create a robust and independent oversight board, which is not beholden to the very industry that requires oversight. We need to ensure that corporate boards can act as an effective check on management. We need to protect employee pensions and ensure that what happened at Enron is never repeated. We need to stop companies from evading taxes by opening a post office box in Bermuda. And of course we need to punish white-collar criminals; but that's not reform, it's just common sense.

"The President failed to provide a specific plan on any of the above problems. Instead, he spent a lot of time challenging Wall Street to behave itself and asking executives to become good corporate citizens. The time for lectures is over. Senator Paul Sarbanes has written a very strong bill that provides some real solutions to this crisis, and I call on the President to rally behind it."

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